

Congress of the United States
House of Representatives
Washington, DC 20515

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The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
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The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Leader Schumer, Leader McCarthy, and Leader McConnell:

As we approach the end of the year, I write to encourage you to take up legislation to ensure relief for families that contribute to a dependent care assistance plan, or DCAP, to help pay for child care does not expire. I specifically encourage you to make permanent the \$10,500 contribution limit on DCAPs, currently in place for plan year 2021 only, instead of resuming a \$5,000 contribution limit that was originally set in 1986.

DCAPs are an employer-sponsored benefit that allow working families to pay for eligible dependent care services—such as child care, before- and after-school care, and day camp—using pretax dollars. Employees may typically contribute no more than \$5,000 annually to a DCAP, and these contributions are subject to an annual “use-it-or-lose-it” rule. DCAPs help many families save on child care expenses, and 43% of workers had access to DCAPs in 2021. That number includes 39% of private sector workers and 65% of state and local government workers.¹

Finding and affording child care was a challenge for families prior to COVID-19, and that challenge has only been heightened by the pandemic. In Iowa, child care costs average \$8,633 annually. A typical Iowa family with one child and one infant in care can expect to pay \$19,011 each year, or 28% of the family’s income.² In a recent national survey of the child care industry, respondents reported widespread staffing shortages that are forcing them to serve fewer children, maintain a longer waitlist, reduce classroom hours, or close classrooms entirely. 89% of child care centers in Iowa, for example, reported experiencing a staffing shortage.³

Recognizing the challenge to working families, Congress has passed multiple pieces of legislation containing much-needed relief for families budgeting for child care expenses, including DCAPs. Last year, as part of H.R. 133, the Consolidated Appropriations Act, 2021, Congress included provisions allowing for unused funds in DCAP accounts from 2021 to carry

¹ <https://www.bls.gov/ncs/ebs/factsheet/flexible-benefits-in-the-workplace.htm>

² <https://www.epi.org/child-care-costs-in-the-united-states/#/IA>

³ https://www.naeyc.org/sites/default/files/wysiwyg/user-74/statedata_july2021_gf_092321.pdf

over into plan year 2022 and allowing for a 12-month grace period for DCAP accounts in plan 2021—thereby giving families more time to use their contributions. Earlier this year, Congress also included a provision raising the maximum allowable DCAP contribution to \$10,500 for plan year 2021 as part of the American Rescue Plan Act.

However, this \$10,500 DCAP contribution limit will expire at the end of the year. If Congress fails to act, working families looking to set aside money for child care will be hamstrung by a \$5,000 DCAP contribution limit put in place 35 years ago. Child care has only become more expensive since, and we cannot afford to blunt the impact of a tool families can use to help afford care for their children.

I urge you to address this issue by taking up legislation such as H.R. 2121, the Improving Child Care for Working Families Act, that would permanently raise the DCAP contribution limit to \$10,500. This bipartisan, bicameral legislation offers a commonsense solution to ensure working families do not suddenly lose the ability to set aside more of their hard-earned dollars to help pay for child care.

Child care is a key to our continued economic recovery, and Congress must therefore continue to advance any and all solutions to help make child care more affordable for working mothers and fathers.

Thank you for your consideration.

Sincerely,



Cindy Axne
Member of Congress